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World Protein Meal Output Up in 1974

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This week's cover:

Harvested U.S. soybeans are transferred from combine to truck. After processing, meal will be used for livestock and poultry feeding. The record U.S. soybean crop in 1973 will add substantially to world supplies of protein meal this year, according to the article beginning this page.

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World Output of Protein Meals Slated To Strengthen in 1974

By ALAN E. HOLZ
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LARGELY BECAUSE of 1973's bumper U.S. soybean harvest, world supplies of protein meal—used extensively to feed livestock and poultry—could be more plentiful in 1974 at lower prices than last year's. During 1973, reduced supplies and high prices of protein meals were a major cause of soaring meat and poultry costs to producers and consumers alike—virtually worldwide.

World output of protein meals in 1974 is forecast at 65.9 million metric tons, soybean meal basis—9.8 million tons more than in 1973. This expected record increase is six times greater than last year's rise and follows 3 years of lower-than-expected expansion.

Fully three-fourths of the projected gain represents soybean meal availabilities from the U.S. harvest in last-half 1973 and from Brazil's crop, to be harvested in the first half of 1974.

But attainment of the record output assumes the following:

- The 1973 U.S. soybean crop is close to the level estimated in November 1973—1,575 million bushels.
- Brazil's 1974 soybean harvest totals 6 million tons.
- Fishmeal output in Peru in 1974 recovers to 1.2 million tons.
- India's 1973 peanut crop yields 6 million tons.
- The Soviet Union's 1973 sunflowerseed crop totals 6 million tons.

Even if the projected surge in protein meal output occurs, much will not be available for consumption until well into 1974. Brazilian soybeans from the 1974 crop will not be available until May. Peruvian fishmeal is expected to begin to flow in March or April, but the bulk of the assumed increase may not be available before October.

The large increase in the 1973 Indian peanut crop, however, is expected to result in only a relatively small rise in meal exports. Also, substantial gain in Soviet sunflower output will not move into export, although it could substantially cut import requirements.

Therefore, the only major source of increased export availabilities of meal currently available is the 1973 U.S. soybean crop.

Protein availabiiities in the United States in 1974—from 1973 crops—are forecast at a record 34.7 million tons, a dramatic gain of 5.9 million tons over last year. As a result, U.S. meal output will be a record proportion—about 53 percent—of world output in 1974, compared to 51 percent in 1973 and 48 percent in 1972.

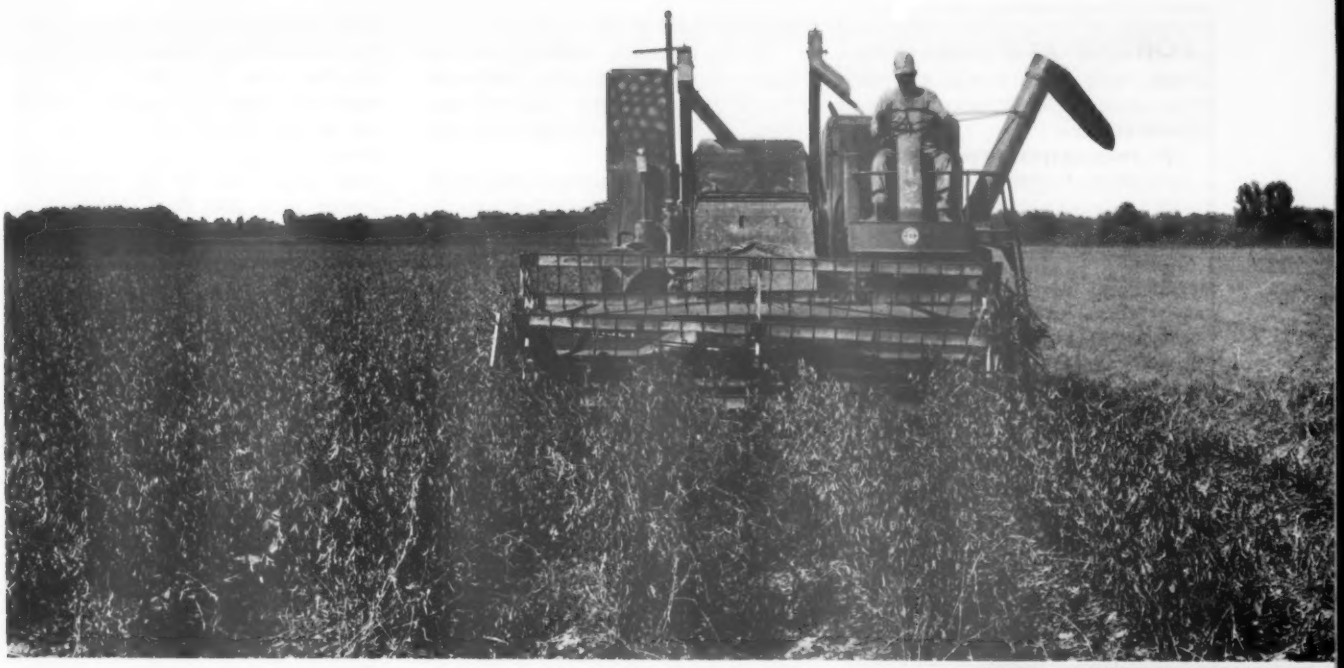
Foreign production of meal, including fishmeal, is also slated to rise substantially, by 3.8 million tons, following 2 years of declining volume. If this happens, meal prices will soften from the extraordinary high levels reached last year.

Paralleling the much greater availability will be an upswing in supplies available for export. World exports of meals this year could reach 30.4 million tons—4.1 million tons above 1973's estimated trade. This year's large increase follows 3 years of below-trend expansion. Last year's advance of 0.7 million tons over 1972 was well below the usual trendline gain of 1.3 million tons a year.

From the United States, exports of oilseeds and meals could total 17.4 million tons. At this level, U.S. exports will account for nearly one-half of the advance in world trade and will represent 57 percent of world exports of all major oilseeds and meals.

Last year the United States supplied about 35 percent of all protein meal consumed abroad, a total of 15.2 million tons, compared with 13 million tons, or 31 percent, the previous year. Because of very limited oilseed production in Western Europe, however, net imports of soybeans and meal account for roughly 60 percent of meal consumption in many of these countries.

Estimated gains in livestock and poultry numbers show that foreign requirements for meals could be 3.7 per-



cent higher than they were in 1973. Although this is greater than last year's 1-percent growth in consumption, it is far less than the above-average increase indicated in available supplies—foreign net production plus exports from the United States.

In foreign countries, supplies of meal available for consumption are forecast at 48.2 million tons—nearly 11 percent above the 43.5 million tons available from their production and imports in 1973.

IN THE UNITED STATES, meal available to livestock producers and for food use—that is, production minus net exports—is estimated at 17.6 million tons, which is a noteworthy 30 percent more than 1973's volume of 13.6 million tons. The projected increase in U.S. high protein meal requirements to 15.2 million tons in 1974 is only a 7.4-percent gain over last year.

A number of variables stemming from recent trends and events could, however, alter these forecasts. Among these are energy problems, changing feeding ratios caused by high prices and low supplies last year, and possible currency changes.

According to reports from USDA's agricultural attachés in 35 or more countries, the energy shortage had not impeded oilseed crushings as of early December, although scattered bunker oil shortages were reported. Long-term energy problems could damage meal consumption, however, especially in the foreign sector. Demand could climb for exports of U.S. processed products, as opposed to raw soybeans, which require energy for crushing.

During the last half of 1973—when meal prices were at record highs and exports were restricted—European feed componders reduced the protein levels in their rations. These reductions, together with the denaturing premium on feed wheat in the European Community, resulted in reduced feeding rates for high protein feeds. Although these measures were intended to be temporary, some of the reduction may not be regained. Nevertheless, some improvement in feeding rates is expected in 1974 in view of reduced meal prices, relative to grain.

Currency changes could also influence demand, especially for U.S. products. The recent strengthening of the U.S. dollar, relative to certain major foreign currencies, will make U.S. oilseeds and meals more expensive in foreign markets, compared to domestic.

Other important variables must be reckoned with in 1974. The seasonal flow of exports could be distorted somewhat in the second half of 1974 because of the anticipated expiration of the longshoremen's labor contract on September 30 which could disrupt trade.

Four-row combine, top, harvests U.S. soybeans, which will add substantially to world supplies of protein meal this year. Peanut crop in India is raked to shake out nuts, above. Despite an excellent crop in 1973, India's meal exports may rise only moderately.

More important, U.S. producer prices for corn, cotton, and rice relative to soybeans in early 1974 could possibly reduce U.S. soybean acreage, and influence availabilities and price prospects in 1975.

Meal prices in 1974 are expected to remain at relatively high levels, compared with historical levels. This reflects depleted stocks in the major

producing and consuming countries, and an accelerated rate of worldwide inflation, as well as the current very high prices of grains that are competing with oilseeds for land.

In the long run, world production and consumption of high protein meals are forecast to climb, with prices trending upward.

Foreign meal consumption during the remainder of the 1970's is expected to rise by about 2.2 million tons per year —significantly above the 1.8-million-ton annual trendline growth during the 1960-72 period. Expanding net exports from the United States are expected to account for more than one-half of this projected growth, against slightly less than half of the foreign consumption growth during the 1960-72 period.

Meal consumption growth in some countries of Western Europe will probably slacken as high protein feeding rates attain optimum levels in rations. However, continued growth in meat and poultry output in these countries, together with expanding incomes and population in other countries, are projected to create new meal demand—at an annual rate of 3.1 percent.

In addition, newer markets—Eastern Europe, the Soviet Union, and others—are expected to begin to follow the past trends of other countries in upgrading their rations—thus consuming increasing amounts of high protein meal per unit of animal product output. The rate of expansion in meal consumption has been substantially greater than the rate of increase in animal product output, due to the upward trend in feeding rates in recent years.

In the aggregate, feeding rates for high protein meals, including substitutes, should continue to rise. This will continue until the least-cost-per-unit gain ratios are attained.

Optimum high protein feeding levels may have already been achieved in several countries. Thus, likely future increases in the protein to carbohydrates price ratio might tend to reduce feeding rates somewhat in certain West European countries and Japan.

Soybean meal could play a more dominant role in world trade in the future since growth trends in competing commodities such as fishmeal, sunflowerseed, and rapeseed are expected to slacken substantially. A number of countries will become interested in soybean production, but some may not be successful because they lack the right combination of inputs to make it economically worthwhile.

BRAZIL'S SOYBEAN production is expected to continue to expand at a significant rate as new land is brought under cultivation. Soybean production there will continue to be more profitable than corn, at least until corn yields can be increased.

High protein meal prices are expected to trend upward at a rate perhaps exceeding the inflation rate. However, prices during the 1970's are not expected to exceed the peak levels attained in 1973.

High protein meal prices are expected to rise relative to grain prices, since the trendline increase in corn yields substantially exceeds the trendline increase in soybean yields. Therefore the price of soybean meal—the major end product of soybeans—must rise to compensate producers for increasing profits from growing corn. This trend must continue if more U.S. acreage is to shift from corn to soybeans unless the growth of soybean yields can be increased at a faster rate than corn yields.

Commercial production of synthetic protein products, including amino acids, is expected to expand as meal prices trend upward. Such products are now technologically possible, and some are being used commercially. But there has been reluctance to invest large amounts of capital in products that would be faced with wide and unpredictable price swings. Price variations could result from climatic changes affecting oilseed output, as well as cyclic demand for livestock and poultry products..

The recent sharp increases in crude oil prices also could deter the development of synthetic proteins, which use petroleum-based feedstocks.

Increased feed costs are likely to be passed on to consumers in the form of higher prices for livestock and poultry products. This upward price, together with cyclic price fluctuations, may open up new demand for oilseed proteins for food uses. Recent high prices for meat have already aroused consumer interest in such products. Meal from an estimated 25 million bushels of soybeans is already being used for human consumption in the United States.

PRODUCTION AND EXPORTS OF OILSEED CAKES AND MEALS[1]
[In million metric tons]

Item	United States		Foreign		World		Soybean		Other	
	Actual	Change	Actual	Change	Actual	Change	Actual	Change	Actual	Change
Production: [2]										
1970	25.38	[3]+1.13	27.14	[3]+0.91	52.52	[3]+2.04	27.01	[3]+1.31	25.51	[3]+0.73
1971	25.24	− .14	28.57	+1.43	53.81	+1.29	27.78	+ .77	26.03	+ .52
1972	26.19	+ .95	28.40	− .17	54.59	+ .78	29.76	+1.98	24.83	−1.20
1973[4]	28.75	+2.56	27.40	−1.00	56.15	+1.56	32.83	+3.07	23.32	−1.51
1974[5]	34.66	+5.91	31.25	+3.85	65.91	+9.76	40.15	+7.32	25.76	+2.44
Exports: [6]										
1970	13.31	[3]+ .90	11.01	[3]+ .44	24.32	[3]+1.34	14.29	[3]+ .99	10.03	[3]+ .35
1971	13.45	+ .14	11.21	+ .20	24.66	+ .34	14.74	+ .45	9.92	− .11
1972	13.59	+ .14	12.02	+ .81	25.61	+ .95	15.67	+ .93	9.94	+ .02
1973[4]	15.50	+1.91	10.83	−1.19	26.33	+ .72	18.40	+2.73	7.93	−2.01
1974[5]	17.43	+1.93	13.00	+2.17	30.43	+4.10	21.08	+2.68	9.35	+1.42

[1] Includes soybean, fish, peanut, sunflower, cotton, linseed, rapeseed, copra, and palm kernel meal expressed in terms of 44-percent soybean meal. [2] Meal production estimated on the basis of average assumed extraction rates and crushings and therefore represents potential rather than actual oil production. [3] Calculated annual increase based on linear trend, 1960-72. [4] Preliminary. [5] Forecast. [6] Includes the meal equivalent of exported oilseeds.

World Food Prices Gain Slightly

WORLD RETAIL FOOD prices were slightly higher in mid-January than in mid-November. The new prices reported by FAS attachés reflect such recent factors as rising transportation costs, higher feed prices, and seasonal price increases.

There is a general belief in world markets that food prices will increase as the market reflects higher transportation costs of food and feed due to the world energy situation.

In the tables at right, conversion to the dollar—which was stronger in mid-January than in November in all but two of the countries surveyed by FAS—has the effect of making January prices appear lower than they actually were in local currencies.

The dollar changes ranged from an 11.6 percent increase in Paris to an 0.8 percent decrease in Ottawa. The dollar gained by an average of 10 percent in the European Community and by 8 percent in Tokyo.

Government food regulations are showing their effects in some markets. In Copenhagen, prices of dairy products are lower as a result of Government subsidies. In Sweden, meat and dairy products are under price control, and the Government plans to increase subsidy payments to farmers affected by the price ceilings. Beef prices in Paris reflect the reimposition of a 7.5-percent value-added tax.

Meat prices, in general, were up, with pork leading the way. Higher feed prices and stronger demand—both domestic and export—are cited as reasons for pork price increases.

The strengthening prices of feed are reflected in egg prices more than in any commodity surveyed. In Tokyo, for example, consumers were paying 54 percent more for eggs in mid-January than in November.

Broilers bucked the world trend, and were lower in most markets. Oranges also were down, due to plentiful supplies. Bread prices were up slightly due to increased costs of transport, labor, fuel, and wheat.

RECENT FOOD PRICE INDEX CHANGES IN SELECTED COUNTRIES 1973

Country	Month	Index 1963=100	Percent change from Previous month	Three months	One year
United States	Oct.	162.7	+0.06	+5.31	+18.76
	Nov.	164.5	+1.12	+ .43	+19.64
Canada	Oct.	161.5	− .31	+3.79	+16.78
	Nov.	163.5	+1.24	+1.87	+18.34
	Dec.	163.8	+ .18	+1.11	+17.00
Japan	Sept.	197.6	+4.22	+6.87	+16.78
	Oct.	196.7	− .46	+5.70	+15.43
United Kingdom	Oct.	195.8	+3.32	+5.55	+18.74
	Nov.	197.6	+ .92	+6.47	+18.75
Denmark	Oct.	218.0	+1.40	+3.32	+15.96
	Nov.	216.0	− .92	+1.89	+14.29
Germany	Oct.	133.6	+ .53	−1.04	+ 5.03
	Nov.	134.8	+1.34	+ .82	+ 5.48
Italy	Oct.	157.0	+ .38	+1.62	+11.35
	Nov.	158.2	+ .76	+1.67	+11.49
Belgium	Oct.	170.8	+ .77	+ .65	+13.94
	Nov.	172.4	+ .94	+1.95	+13.80
	Dec.	173.9	+ .87	+2.60	+14.79
Netherlands	Oct.	167.9	+ .48	+1.76	+ 7.28
	Nov.	169.1	+ .71	+1.93	+ 7.16
France[1]	Oct.	130.4	+1.56	+4.15	+10.04
	Nov.	131.3	+ .69	+3.54	+10.15

[1] Index, 1970=100. National statistical series for selected countries.

SURVEY OF RETAIL FOOD PRICES IN SELECTED CITIES, MID-JANUARY
(In U.S. dollars per pound, converted at current exchange rates)

City	Boneless sirloin steak	Boneless chuck roast	Pork chops	Ham canned	Bacon pkged. sliced	Cheese (Edam, Cheddar, Gouda)	Butter
Bonn	3.60	2.10	2.09	1.99	2.16	1.31	1.25
Brazilia	1.04	.64	1.46	2.21	2.31	(1)	.87
Brussels	2.76	1.55	1.59	2.92	1.07	1.09	1.20
Buenos Aires	.69	.37	.43	2.12	1.10	.42	.67
Canberra	2.39	1.33	1.48	1.87	1.82	1.24	.87
Copenhagen	3.42	1.36	2.05	1.89	1.85	1.23	1.04
London	2.43	1.28	1.31	1.35	1.78	.70	.45
Ottawa	1.81	1.20	1.55	2.52	1.16	1.11	.76
Paris	2.39	1.35	1.68	(1)	2.90	1.16	1.20
Rome	2.40	2.15	1.72	(1)	1.35	1.23	1.22
Stockholm	3.73	1.83	1.98	3.33	2.09	1.55	1.04
The Hague	2.95	1.96	1.80	1.74	2.63	1.18	1.11
Tokyo	10.67	5.33	2.13	3.27	3.96	1.29	1.41
Washington, D.C.	2.42	1.39	1.89	1.79	1.14	1.35	.97
Median	2.43	1.38	1.70	2.06	1.84	1.23	1.04

City	Broilers whole	Eggs doz.	Tomatoes	Onions yellow	Apples	Oranges doz.	Bread white
Bonn	0.75	1.30	0.59	0.25	0.20	1.30	0.43
Brazilia	.72	.70	.37	.27	.32	.49	.55
Brussels	.84	1.34	.88	.16	.25	1.13	.20
Buenos Aires	.42	.63	.06	.05	.17	.48	.22
Canberra	.88	1.19	.55	.42	1.42	1.24	.33
Copenhagen	.99	1.24	.82	.27	.34	1.54	.39
London	.50	1.01	.63	.16	.25	1.22	.17
Ottawa	.74	.84	.39	.19	.27	1.50	.23
Paris	.79	1.23	(1)	.22	.22	1.25	.34
Rome	1.36	.98	.36	.22	.17	.73	.32
Stockholm	1.10	1.14	1.03	.41	.37	1.05	.60
The Hague	.70	1.02	.59	.18	.18	.73	.15
Tokyo	.87	.98	.40	.30	.32	.86	.44
Washington, D.C.	.63	.95	.69	.21	.35	.76	.28
Median	.77	1.02	.59	.22	.26	1.09	.33

NOTE: Items may vary by quantity and type. Different marketing practices may distort some prices. [1] Not available.

U.S. Poultry Exports Up in 1973 With Turkey Making Strong Gain

CALENDAR 1973 was a better export year for the U.S. poultry industry than 1972, with exports estimated at about $120 million.

For the first 11 months of 1973 the export value of poultry products was over $100 million, compared with about $77 million for the same 1972 period, an increase of 30 percent.

Poultry meat accounted for over 60 percent of the total export value, with January-November shipments valued at $61.8 million, up 44 percent over the comparable 1972 period. The most impressive increase in the poultry meat category continues to be in turkey meat. For the first 11 months of 1973 the export of turkey meat amounted to almost 44 million pounds valued at $21.5 million—up 38 percent in volume and 64 percent in value over the first 11 months of 1972. U.S. turkey meat is now moving to 58 countries.

In contrast with turkey meat, the volume of chicken meat exported was down 3 percent, but the value was up 35 percent. The drop in volume reflects the discontinuance in January 1973 of the limited export subsidy program of whole broilers to Switzerland and Greece. The export of chicken parts continues to increase. Whole broilers are still faced with subsidized competition, but indications are that this competition may not be as severe in 1974 as in previous years, especially outside of Europe.

Denmark is now within the EC and is rapidly expanding its export of whole broilers to the West German market in competition with the Dutch. Danish whole broilers are now being offered to Hong Kong and Japan at 57 cents c.i.f. —this compares with a c.i.f. price of 28 cents a year ago. Moreover, Denmark is no longer willing to make long-term commitments to these markets as it had done prior to EC entry. Also, Hungarian and Bulgarian offers—these two state trading countries in recent years have been offering low priced product to the Far East—are not forthcoming.

Some buyers in Japan are now interested in long-term purchase agreements with U.S. suppliers. This is the first time this has happened in recent years. There is now the possibility that U.S. whole broilers will be moving in significant quantities to Japan, Hong Kong, and other markets in the area. For the first 11 months of 1973 exports of whole broilers to Japan were 1.3 million pounds, up 62 percent over last year.

U.S. exports of egg solids continue to increase, amounting to $4.2 million for January-November 1973, compared with $3.1 million for the 1972 period.

THUS THE January-November 1973 export statistics support the conclusion that a growing export opportunity for the U.S. poultry industry does exist. Of course, opportunities vary by product and by market, and it is useful to examine the principal markets, which for U.S. poultry products are the European Community (where West Germany is our largest customer), the Caribbean, Japan, and Hong Kong.

Over 70 percent of U.S. poultry meat exported to the EC-9 (West Germany, France, Italy, Belgium, Luxembourg, the Netherlands, Denmark, United Kingdom, and Ireland) for the first 11 months of 1973 was turkey meat. Over 84 percent of this total was turkey parts, principally drumsticks and thighs.

Our latest information shows that turkey production is up in all the major turkey producing countries in the EC except the Netherlands. The U.S. export of turkey meat to the EC, therefore, is of particular significance.

Import charges for uncooked turkey legs and thighs and drumsticks are now 10.75 and 5.93 cents per pound, respectively. These charges a year ago were 37.58 cents and 12.96 cents per pound. A combination of higher U.S. prices, higher EC meat prices, and a recognition by the EC that even with increasing production it cannot meet the market demand for these items resulted in the reduction of the total import charges. As evidenced by the increased volume of U.S. turkey meat moving to the EC, the EC consumers could be a market for much larger quantities of U.S. turkey parts if we had better market access.

Cooked turkey-products exports to the Community, particularly West Germany, have shown encouraging increases in the last few years. One of the most significant examples of this development is the export of cooked turkey breasts to the United Kingdom. Turkey production in the United Kingdom for the first 6 months of 1973 was 5.5 million birds, up 4.9 percent from the year before. The export of U.S. turkey meat to that market for January-November 1973 was 4.6 million pounds, compared with 3.1 million pounds for the same 1972 period. The principal U.S. item being exported to the United Kingdom is cooked turkey breast, for which there is a continually increasing demand among the U.K. catering trade.

The growth of the EC market for cooked U.S. poultry items has resulted from these items not being subject to the gate price, variable-supplementary levy system applied to all categories of uncooked poultry items. Because cooked poultry items were not a significant factor in poultry trade when the EC established its highly protective system, the United States obtained a bound duty of 17 percent ad valorem under the General Agreement on Tariffs and Trade (GATT) for cooked products entering the EC market. We anticipate that the market for U.S. cooked items, particularly turkey items, will continue to grow in the EC.

COOKED FURTHER-processed turkey items can only be economically produced from big birds. Based on production economics a supply of big birds to support a large further-processing industry will not be available soon in the EC.

In the production of further-processed items, particularly the fully cooked convenience products, investment is necessary in product development involving costly technology. The United States is now processing 36 percent of its slaughtered turkeys. Large investments in time and money preceded this development. The large, competitive U.S. turkey industry not only made possible but necessitated expenditures to develop processing techniques, new products, and market tests that have resulted in the extensive line of U.S. further-processed products available for export.

This kind of activity will continue, with new products constantly available

Articles on pages 6 and 7 are based on remarks made by David L. Hume, FAS Administrator, before the Poultry Conference of the 55th Annual Meeting of the American Farm Bureau Federation, January 14, 1974.

for introduction into the export market. In contrast only a very small percentage of EC turkey production is being further processed. Per capita consumption of turkey meat in the EC is not much above 1 pound, compared with a record 1972 U.S. per capita consumption of 9 pounds.

Chicken parts continue to be the major U.S. export item to Japan. For the first 11 months of 1973, of the $8.9-million export value of poultry meat exported to this market, $7.6 million was chicken parts, principally whole legs. Although turkey meat is new to this market, the volume of U.S. turkey meat to Japan for January-November 1973 was 896,000 pounds valued at $481,000 up 85 percent in volume and 146 percent in value over 1972.

In Sapporo, Japan, a restaurant was recently opened featuring principally turkey dishes utilizing U.S. product. Whole turkeys and half turkeys are provided as carryout items.

Last year a new company was established in Hong Kong to import U.S. poultry meat. This year it has opened its own processing plant producing shaomai (a small pastry containing chicken, shrimp, pork, onion). Reportedly three shipping containers of shaomai go to Japan per week. Every 6 days 1 ton of U.S. comminuted chicken meat is being used.

The company is now working on ready-to-serve Chinese style dinners utilizing U.S. turkey meat. Two new products have recently been developed —a Chinese-style turkey dinner and a lemon chicken Chinese dish, both utilizing U.S. poultry meat and both having received taste panel acceptance. When production lines are in operation, the company is expected to request U.S. plant approval for export of its ready-to-serve products using U.S. poultry meat to the United States.

Continued on page 16

INNOVATIVE U.S. POULTRY INDUSTRY FIGHTS CAP HANDICAP IN EC MARKETS

The modern history of U.S. trade in poultry products dates from 1956. In that year the U.S. Department of Agriculture through the Foreign Agricultural Service made local currency funds available under Title I of P.L. 480 to the Institute of American Poultry Industries (IAPI)—now the Poultry and Egg Institute of America—for use in a cooperative industry/Government overseas promotion program. IAPI had been selected by the U.S. poultry industry's International Trade Development Board to administer the overseas program. About the same time, a Title I agreement was made with West Germany which included $1.2 million worth of whole frozen eviscerated broilers—a new item to German consumers. IAPI set up an overseas office in Frankfurt; it also undertook activities in other countries of Western Europe.

By the end of the 1950's this promotion had already pushed U.S. poultry meat exports to 126 million pounds, or nearly three times the 1956 level of 44.5 million. They were destined to rise still further. The first year of the 1960's saw poultry meat exports leap to 176 million pounds, four times the level of 1956; and this upward trend continued to a peak of 271 million pounds in 1962.

However, in 1962 the six-nation European Community (EC) put into effect its Common Agricultural Policy for Poultry. The principal provision of this policy was to create a high protective wall around the EC countries' markets for poultry meat. Immediately, import charges on U.S. whole broilers entering the world's largest market for poultry—West Germany —rose from 15 percent ad valorem to 31 percent.

In spite of this reduction in our access to the EC market, the United States remained for several years the world's largest exporter of poultry meat—by virtue of two developments. First, the United States shifted its selling emphasis for the Community from whole broilers to chicken parts, turkeys, and turkey parts, on which the initial protection level was not as high. Second, the United States sought out and developed new markets for U.S. poultry products.

Nevertheless, by 1965 the Netherlands had replaced the United States as the world's leading exporter of poultry meat. This came about not from the development of a poultry industry in the Netherlands more efficient than that of the United States, but from the combination of limited U.S. access to the big West German market and the EC's export subsidy program put into effect by the EC for poultry meat. This subsidy program, designed as a sales tool to move EC poultry meat into major world markets, had the further result of forcing Denmark—another U.S. competitor—to subsidize its exports also, to meet the EC challenge.

The working of the CAP became increasingly burdensome to U.S. exporters. As U.S. exports of chicken parts rose to the EC, import charges on these items were raised. And as U.S. exports of whole turkeys and turkey parts to the EC grew, EC import charges on these too moved up. In addition, the EC levy system permits the supplementary levy—a part of the total import charge—to be increased on 3 days' notice. This means that the supplementary levy can be increased between the time the product leaves U.S. shores and the time it arrives at a German port.

Over the years, we have tried through bilateral and multilateral discussions under the General Agreement on Tariffs and Trade (GATT) to obtain better access for U.S. poultry products into the Community, and as a minimum, to have the Community remove from its system the subsidization of exports. To date we have not been successful in having the Community change any part of its CAP.

Nonetheless, the United States is still No. 2 among the world poultry meat exporters. The ability of our exporters to change their products mix and the success of the cooperative Government/industry program in assisting industry in developing new export markets have to a large degree blunted the unfair competition from the Community and the protective wall maintained around its market.

By 1972 the United States was exporting $86 million worth of all poultry products, compared with $76 million in 1968, despite increased world poultry production and the continuance of subsidized competition, particularly for whole broilers. Exports of poultry meat alone were valued at $48 million—up 19 percent in value over 1971—and they moved to 73 countries. Poultry meat accounted for about 56 percent of this total export value. The Caribbean countries, West Germany, and Hong Kong were the major markets.

The bright spot in the export of U.S. poultry meat for 1972 was turkey meat, with shipments of 36 million pounds valued at $15 million—up nearly 60 percent in volume and value over 1971. This compared with exports of 12 million pounds in 1959 moving to only a relatively few markets. Exports were higher to such varied markets as Europe, the Far East, the Near East, and the Caribbean area.

West Germany, taking $5.9 million, remained the major export market for U.S. turkey meat. This was particularly significant in view of the high level of duties still applied against U.S. poultry meat entering the EC. It reflects an unsatisfied demand that the EC turkey industry cannot supply.

A very recent and quite significant development in the export of U.S. poultry products is egg solids. Exports in 1972 amounted to 4.2 million pounds valued at $3.6 million, compared with 869,000 pounds valued at $933,000 in 1971.

Calendar 1973 U.S. Farm Exports Valued at Record $17.7 Billion

By DEWAIN H. RAHE
Foreign Demand and Competition Division
Economic Research Service

THE U.S. FARM ECONOMY, responding to powerful new world demand pressures and crop shortfalls, exported an eye-opening $17.7 billion worth of commodities and products in calendar 1973—a rise in value of 88 percent over the 1972 level.

Acceleration of U.S. agricultural exports started late in 1972, and continued throughout 1973 to build to the unprecedented total.

Both the total value of exports and the rate of increase set new records.

The marked rise in U.S. farm exports boosted the favorable U.S. agricultural trade balance by more than $6 billion to a record $9.3 billion, despite a gain of about 30 percent in agricultural imports, for a record of $8.4 billion. This agricultural trade balance more than offset the U.S. trade deficit in nonagricultural products, which totaled $7.6 billion in 1973.

Although the nonagricultural trade balance is somewhat improved from the 1972 deficit of $9.3 billion, it is considerably below the $4 billion to $5 billion surplus that was achieved annually in the later 1960's. Overall, the United States in 1973 had a favorable trade balance of $1.7 billion—measurably better than the 1972 deficit of $6.4 billion.

Several unrelated factors combined to produce the strong increase in world demand. Among them: Expansion of East-West trade, reduced agricultural production in many areas because of unfavorable weather, sharply lower production of fishmeal in Peru, and continued increases in consumer demand stemming from higher incomes. Unfavorable weather in 1972 reduced harvests in the Soviet Union, Southeast Asia, Australia, and in parts of Latin America and Africa.

Farm production in these areas was down sharply, and other major suppliers lacked either the facilities or the uncommitted supplies needed to meet their needs for agricultural products.

Only the United States had both the supplies and the facilities to fulfill much of these higher requirements.

Economic activity in major foreign developed markets advanced at record rates. Developing countries such as Taiwan, Korea, Brazil, Venezuela, and Mexico are importing greater volumes of U.S. farm products because of higher incomes and population gains.

Both the developed and developing countries imported more farm products in order to satisfy the increased demand for food resulting from higher incomes. Also, increased imports were employed by many countries as a policy instrument to reduce the impact of inflation in food prices.

The competitive position of U.S. agricultural exports was enhanced by the realinement of currencies during the past 2 years.

The sharp advance in grain exports—particularly wheat and feedgrains—accounted for 60 percent of the total increase in agricultural exports in calendar 1973. And there were significant increases, also, in soybeans, protein meal, tobacco, cotton, fruits, nuts, vegetables, meats, cattle hides, and poultry meats.

NEW EXPORT records were reached for wheat, corn, soybeans, soybean meal, cattle hides, lemons, grapefruits, fresh vegetables, corn byproducts, poultry and poultry products, and live animals. Cotton exports were the highest since 1961.

The volume of U.S. agricultural exports gained by 30 percent in 1973, and accounted for about 40 percent of the rise in value. Higher prices accounted for the balance of the increase, especially for soybeans, soybean meal, wheat, feedgrains, most fruits, vegetables, hides and skins, meat, tobacco, and nuts.

By major commodity groups, here are the 1973 summaries:

Grains and preparations. U.S. exports of grains and preparations rose to an alltime high of $8.5 billion in 1973—nearly 2 times greater than the volume of a year earlier. While all major products gained in this group, wheat and feedgrains accounted for most of the overall increase.

The volume gain accounted for nearly 40 percent of the overall value increase, and higher prices accounted for the balance of the value increase of grains and preparations.

The wheat export unit value, for example, averaged $2.93 per bushel in 1973, compared with $1.74 a year earlier. Feedgrain exports averaged $85 per ton, compared with $55 a year earlier. Rice averaged $341 per ton, compared with $198 a year ago.

IN 1973, U.S. exports of wheat and products reached the unprecedented level of 1.4 billion bushels, sharply higher than the 840 million bushels exported in 1972. The biggest share went to the USSR, which took 320 million bushels—about 43 percent of the total gain. The People's Republic of China (PRC) was the next most important market, with a total of 97 million bushels in 1973, compared with only 21 million in 1972.

Adverse weather in 1972 was a principal factor in the rapid growth of U.S. wheat exports. But stocks were down in many areas, and consumption also gained.

In addition to the substantial rise in exports to the USSR and PRC, developing countries have become more important cash customers for U.S. wheat. Exports also gained in trade with Asia, Middle-East countries, North Africa, and Latin America.

Total world wheat trade in the current marketing year is estimated to total 71 million tons, compared with 74 million tons a year earlier. The United States is expected to account for more than 40 percent of total world trade. Wheat exports in 1973 were equal to a little more than 75 percent of U.S. production.

U.S. rice exports totaled 35.8 million hundredweight in 1973, down about 20 percent from the previous year's total of 44.8 million. The decline occurred because of a very tight supply situation in the United States. Rice exports rose in last-half 1972 and early 1973. But reduced stocks slowed exports in the last half of 1973. Most of the decline in rice occurred under Government-financed

programs. There was a sharp drop in exports to South Vietnam, Bangladesh, Indonesia, and South Korea.

U.S. exports of feedgrains rose to a record 41.5 million metric tons in 1973 from only 27.8 million tons a year earlier. A number of forces came together to boost U.S. feedgrain exports in 1973. For one thing, production was off sharply in Thailand, Australia, and other major grain-exporting countries. At the same time, because of reduced protein meal availability, the use of grains in feed rations was increased. Japan allocated about 500,000 tons of surplus rice for mixed feeds in 1973, compared with more than 1.2 million tons in 1972.

A 3-percent increase in Japanese livestock production also added to feedgrain requirements there. Overall exports to Japan more than doubled, reaching a record 10 million tons.

Exports to the USSR in 1973 totaled 4.2 million tons, which compares with 4.1 million a year earlier. As a result, the USSR was the third-largest market for U.S. feedgrains after Japan and the European Community (EC).

More than 10 million tons of feedgrains went to EC countries in 1973, compared with 8 million tons a year earlier. Ireland, Netherlands, and West Germany all substantially increased their purchases. The largest increase was registered by Italy, which was a market for 3 million tons.

THE INCREASE in U.S. feedgrains exported to EC countries occurred despite record grain production in 1972. Rising incomes in the EC increased demand for meat. And higher meat prices encouraged livestock producers to expand livestock production, which in turn boosted feedgrain imports.

EC dairy producers are using more feedgrains because the higher prices set by the Common Agricultural Policy (CAP) have encouraged both the expansion of dairy herds and the production per animal.

Other major markets for U.S. feedgrains in 1973 included Spain, Portugal, the Republic of China (Taiwan), Indonesia, Korea, Peru, Chile, India, Egypt, Poland, Greece, and Mexico.

Exports to Mexico rose to record of nearly 1 million tons in 1973 from 438,000 tons in 1972.

Oilseeds and products. U.S. exports of oilseeds and products rose to a record $4.3 billion value, a gain of 79 percent over a year earlier. Increased volume accounted for less than one-third, and higher prices for more than two-thirds of the increase in oilseeds and products.

World supplies of protein were very tight through all of 1973. Peru, the largest fishmeal exporter, reduced its exports to only 325,000 tons in 1973 because of the failure of the anchovy catch in 1972 and 1973. Normally, Peru's exports would total close to 1.7 million tons, which is equal to more than 120 million bushels of soybeans.

DURING 1972 sunflowerseed puroduction declined in the USSR and in Eastern Europe and peanut outturn in Africa and Asia was down.

Despite higher prices for protein meal, demand for soybeans advanced with the continued increase in livestock production in Western Europe, Japan, Canada, and in some developing countries. U.S. exports of soybeans in 1973 increased by approximately 50 million bushels to a record 486 million bushels for the calendar year. Since World War II, U.S. exports of soybeans have gained at the average annual rate of 10 percent.

Most of the increase in 1973 exports went to the EC, the USSR, Spain, Poland, Israel, Japan, and Korea. More than half of U.S. soybean production is exported in the form of meal or soybeans.

U.S. exports of oilcake and meal rose by more than 1 million tons to 5.3 million short tons, and higher prices pushed the value up by 127 percent.

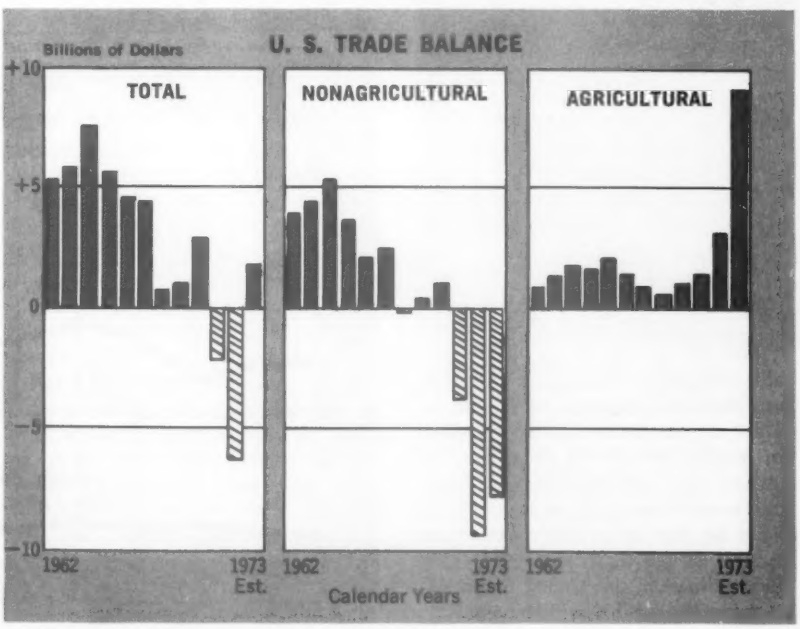
Exports of cottonseed and soybean oil totaled 1.51 billion pounds—more than 260 million pounds below the level of a year earlier. The decline was in soybean oil, which fell by 341 million pounds. However, exports of cottonseed oil gained by more than 60 million pounds.

Fruits and preparations. U.S. exports of fruits and preparations rose by about 25 percent to a record of $535 million in 1973. Higher prices accounted for about two-thirds of this gain.

While most of the overall gain occurred in fresh products, exports of canned fruits showed a substantial rise in spite of higher prices. The value of dried fruits was up, although quantity was reduced because of loss due to freezes.

The realinement of currencies in the past 2 years has made many U.S. fruits attractively priced to foreign buyers.

Vegetables and preparations. Exports of vegetables and preparations in 1973 rose by more than 46 percent to a new record of $366 million. Here, again, fresh items accounted for most of the increase, but there also were sharp gains in shipments of canned and dehy-



drated vegetable products.

Animals and animal products. A gain of more than 46 percent in the value of animals and animal products resulted in a total value of $1.6 billion—another alltime high. Cattle hide shipments, which accounted for 17 percent of the overall increase, rose to a record $339 million, 28 percent above those of a year earlier. The increase was due in part to an embargo ordered by Argentina, and by a sharp increase in demand for leather. However, the effect of the Argentine embargo on hide exports was somewhat offset by the expansion of Argentine exports of leather and its products.

EXPORTS OF meats and preparations gained by a strong 83 percent to a total value of $374 million. Pork exports to Japan and Canada increased markedly. The gain in shipments to Japan was from 46 million pounds a year earlier to more than 97 million pounds. And pork exports to Canada rose by about 12 million pounds to a total 43 million pounds.

There was a strong 52-percent increase in beef exports to Japan, Canada, the Caribbean, and to the principal markets of Europe.

Exports of variety meats gained by a modest 10 percent in volume, but higher prices pushed the value up by 35 percent.

Exports of poultry and poultry products rose to about $120 million in 1973. The increase occurred mainly in turkeys, fresh and frozen chickens, and eggs. Substantial rises in red meat prices encouraged many countries to import more U.S. poultry products to satisfy the rapidly expanding demand for meat.

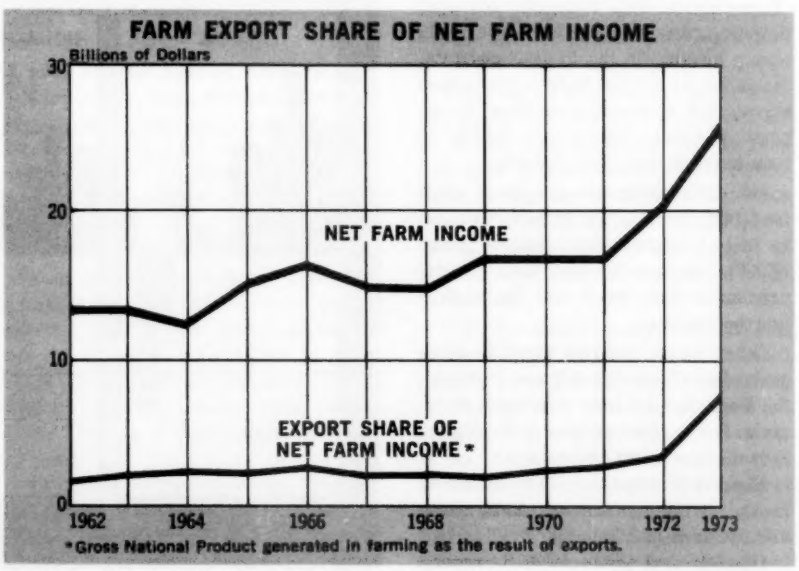
U.S. exports of dairy products fell by nearly 60 percent in 1973 to $61 million from $150 million a year earlier. The decline was chiefly in nonfat dry milk and butter. In 1972, butter exports to the United Kingdom were unusually large because of reduced supplies in the EC and New Zealand.

Most of the decline in nonfat dry milk occurred in exports under Government-financed programs or in concessional exports to developing countries for welfare and lunch programs. Increased U.S. consumption and lower U.S. production of nonfat dry milk reduced the supplies available for export. Because of the tight nonfat dry milk supply situation, the United States imported more than 300 million pounds.

Cotton exports rose significantly during the calendar year—from 3.1 million bales in 1972 to 5.5 million bales in 1973, a gain of 78 percent. Most of the increase was in shipments to the PRC and to Japan. Exports to Korea, Hong Kong, and Taiwan also were higher in 1973. Lesser increases occurred in exports to the EC and to Canada. A substantial rise in demand for cotton fabrics in many countries was the principal reason for the increase.

U.S. AGRICULTURAL EXPORTS: VALUE BY COMMODITY
CALENDAR YEARS 1970-73

Commodity	1970	1971	1972	1973	1972-73 change
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Percent*
Animals and animal products:					
Dairy products	147	196	150	60	− 60
Fats, oils and greases	248	270	209	333	+ 59
Hides and skins, excl. furskins	144	155	292	375	+ 28
Meats and meat products	132	151	204	374	+ 83
Poultry and poultry products	82	78	90	120	+ 33
Other	113	124	178	343	+ 93
Total animals and products	866	974	1,123	1,605	+ 43
Grains and preparations:					
Feedgrains, excluding products	1,064	972	1,522	3,538	+132
Rice	313	256	388	540	+ 39
Wheat and major wheat products	1,136	1,112	1,479	4,176	+182
Other	69	94	101	209	+107
Total	2,582	2,434	3,490	8,463	+142
Oilseeds and products:					
Cottonseed and soybean oil	244	311	241	238	− 1
Soybeans	1,228	1,327	1,508	2,759	+ 83
Protein meal	358	420	434	985	+126
Other	98	131	225	324	+ 44
Total	1,928	2,189	2,408	4,306	+ 79
Other products and preparations:					
Cotton, excluding linters	372	583	503	928	+ 84
Tobacco, unmanufactured	517	496	672	714	+ 6
Fruits and preparations	337	354	429	535	+ 25
Nuts and preparations	69	77	93	121	+ 30
Vegetables and preparations	219	212	251	366	+ 46
Other	369	379	432	618	+ 43
	1,883	2,101	2,380	3,282	+ 38
Total	7,259	7,698	9,401	17,656	+ 88



Mexico's Cotton Crop Improves But Output Still Down From Last Year's

ALTHOUGH BETTER weather toward the end of the growing season improved the outlook for Mexico's 1973-74 cotton crop, output is still expected to be about 10 percent less than that of the previous season.

The 1973-74 cotton crop is now estimated at 1,550,000 bales (480 lb. net) from about 1.1 million acres, compared with 1,790,000 bales in 1972-73 from 1.2 million acres.

By mid-December roughly 1.1 million bales of Mexican cotton had been ginned and the harvest was progressing well. Very little insect damage was reported and yields were normal in most regions. The grade of cotton being picked in Sonora and Sinaloa—usually of low quality—was reportedly improving as the harvest continued.

Cotton is grown in a number of widely separated areas in Mexico ranging from its northern border to some States on the Pacific coast. December estimates of output in the most important cotton-producing areas for 1973-74, in thousands of bales (with 1972-73 totals in parentheses), were: Sonora, 405 (514); La Laguna, 340 (354); Mexicali, 150 (181); Sinaloa, 120 (196); La Paz and Tapachula, 112 (112).

Mexico's total 1973-74 exports are estimated at 750,000 bales (480 lb. net), with 565,000 going to Japan, 110,000 to Western Europe, and 70,000 to the People's Republic of China. Chile, Canada, and some other Far Eastern countries are also customers for Mexican cotton. In 1972-73, Mexico exported 863,000 bales, most of it to Japan, Europe, and the PRC.

Mexico's domestic mill consumption for the current season is placed at roughly 815,000 bales. Although covered only through January 1974, mills have been reluctant to buy at current prices, believing that recent Mexican Government action to restrict exports and assure domestic supplies has "locked-in" a surplus of 100,000 bales or more for domestic use.

At the present time, no additional export permits are anticipated for the remainder of the 1973-74 season—a fact currently reinforcing hopes that domestic prices can be forced down later in the season.

Other less recent Government actions include the establishment of a floor price of 63 U.S. cents per pound for farmers' uncommitted stocks of cotton from the 1973-74 crop, based on a quality equal to SM 1-1/16". From a mid-September peak of 80 U.S. cents per pound, mill prices have since trended downward to about 70 U.S. cents per pound, f.o.b. mill.

Forward contracts, involving possibly 100,000 bales of 1974-75-crop cotton, have been reported at prices ranging between 55 and 59 U.S. cents per pound. A recent sale of an unspecified amount of 1974-75-crop cotton (basis SM 1-1/16") for August-September-October 1974 delivery was quoted at 77 U.S. cents per pound, f.o.b. Osaka.

—Based on dispatch from
RICHARD A. SMITH
U.S. Agricultural Attaché, Mexico City

Export and Domestic Demand for Danish Poultry Reaches New High Level

THE MOST DYNAMIC forces in the Danish poultry industry in 1973—and the ones most likely to continue strong—are the tremendous increase in the home market for young chickens and expanded shipments of poultry to West Germany. Both increased domestic demand and expanded exports to Germany are direct and immediate results of Denmark's accession into the European Community (EC) early in 1973.

The home market for chickens rose 47 percent in January-April 1973 over the same period a year earlier. The expected continuation of this strong domestic demand suggests no increase—and probably even a decline—in the availability of Danish chickens for export to third countries outside the EC. Of a total production of 26,000 metric tons in January-April 1973, the home market absorbed 2,700 tons more poultry than the 5,700 tons used in the same period the year before.

The rise in domestic demand followed the elimination of the former Home Marketing Tax, which decreased the consumer price of poultry. The tax was eliminated to achieve conformity with the Common Agricultural Policy (CAP) on poultry.

For a short time after entry into the EC, marketings of Danish poultry to West Germany incurred a small "compensatory" levy. Later, completely free access was decreed. This factor contributed heavily to reduced availability for export to third countries. In January-June, 4,000 tons of Danish poultry were shipped to the German market—3,100 tons more than in the same

Worker in broiler processing plant breaking breastbone to improve appearance of consumer pack. Limited availability of processing plant labor was holding down the quantity of poultry cut up in Danish plants in mid-1973, and continued problems were anticipated.

months of 1972. These expanded shipments included experimental probes into the market and, while maintenance of the high levels of early 1973 is uncertain, a continued increase over previous years' sales is very likely.

The Danish poultry industry would like to respond to this strong demand by expanding domestic output. But for two factors—the increased level of Danish feedstuff prices, for both cereals and protein concentrates, and the limited availability of labor in processing plants—the January-June increase in broiler slaughterings would have exceeded the 5-percent gain actually reported.

On the farm, cereal price increases will be a restraint on further increases in production. These prices are held up by both EC policies and would market conditions. In addition, soybean and meal price rises—independent of price rises resulting from EC accession—have raised costs for the poultry industries of all countries trading in world markets.

These feed price increases are affecting output in producing countries. The production increases in principal exporting countries suggests at least temporary caution, particularly in the EC countries should the EC decide against subsidizing poultry exports.

Limited availability of processing plant labor was holding down the quantity of poultry cut up in Danish plants in 1973 and some continued problems were anticipated. Work on a poultry dressing line is sometimes unattractive and, since it pays poorly, compared with other jobs available in Denmark, the work does not tempt most workers in today's labor force.

Although high feed costs have slowed poultry production increases, supplies of red meat are also expensive. The prevailing prices for red meat have increased demand for poultry meat, with a resulting strong demand in Denmark for poultry to compete with export demand.

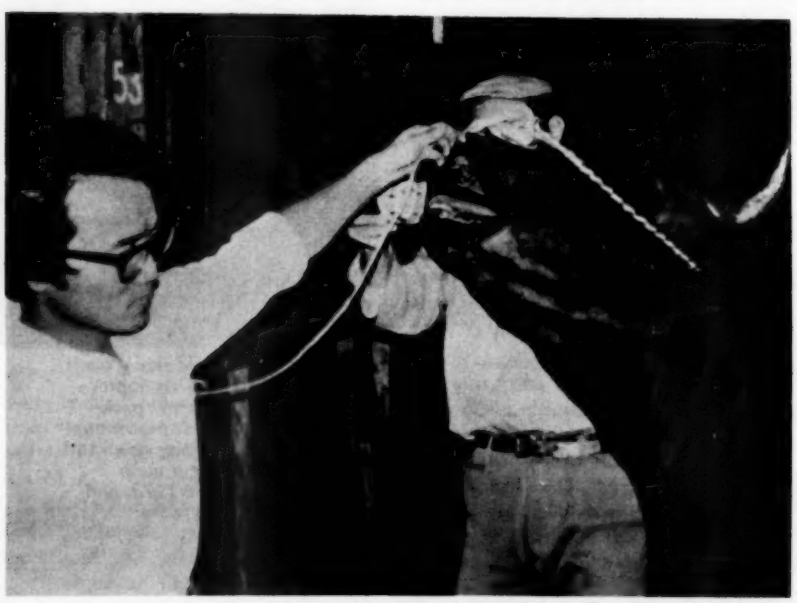
It appears that, over the short term, broiler production on Danish farms will not experience rapid growth. This view is shared by a Danish study of the future of its poultry industry, which forecasts a 3.5-percent annual average growth rate from 1972 to 1980. Compounded, this would be a total growth of 32 percent. However, feed price increases since the Danish study was made could temper these expectations.

—By Edward Karpoff, FAS

'TLC' Makes Matsuzaka Beef King of Prime Meat in Japan

Visitors to Japan who have eaten succulent sukiyaki, shabu shabu, or just a tender steak, know the reason for the fame of Matsuzaka beef. Prized for its tenderness and quality, this beef is referred to by the Japanese as the King of Beef. The secret to such fame is attributed to selecting only virgin female calves, and a specific diet which is fed to the cattle in the latter stages of production. Soybeans—the No. 1 U.S. export to Japan—are a major component of the special feed.

Cattle raised in Matsuzaka and the Ise Peninsula, known officially as "Ise Matsuzaka Beef" since 1963, regularly take first prize at Tokyo's "All Japan Cattle Fair" and other exhibitions. Cattle production in the area began in the late 1800's and in 1882 the Mie Prefectural Government set up an Industrial Experimental Station in Obata to study cattle raising techniques and to promote the livestock industry. In 1914 the experimental station was turned over to a farmer's organization.



Daily beer ration is part of 'tender loving care' at Wadakin Farms, Matsuzaka, Japan.

One of the better known suppliers of Ise Matsuzaka Beef is Wadakin Farms established in 1870 in Matsuzaka. In addition to maintaining grazing land and fattening lots, Wadakin is unique in that it maintains its own chain of meat outlets—from butcher shops to elaborate restaurants. In order to supply these facilities, Wadakin selectively purchases 900-1,000 head to supplement its own annual production of 600-700 head of choice cattle.

Most prize Japanese Black cattle raised in both the Kobe and Matsuzaka area are brought from the breeding districts of Hyogo Perfecture (Mikota Kinosaki, and Yabu). Wadakin's calves are purchased at the age of 8 months, and according to the farm's managers, part of the job of assuring top quality beef is done at that time by restricting the selection to virgin females. Producers of Matsuzaka beef believe the drop in beef tenderness in nonvirgins is easily discernible.

At Wadakin Farms, the animal is fed to a weight of about 1,400-1,500 pounds and slaughtered at 44 months. However, an effort is being made to shorten the fattening period and lessen production costs by slaughtering animals at around 1,200 pounds and limiting the fattening process to 32 months (life of 40 months). The animal then dresses out at approximately 68 percent, 86 percent of which is prime meat.

During the earlier growing period, several head of cattle are penned to-

Continued on page 16

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

President Removes Limitation on U.S. Wheat and Product Imports

President Nixon signed a proclamation January 25, 1974, to allow unlimited imports of wheat and milled products into the United States until June 30, 1974. The proclamation came as a result of a U.S. Tariff Commission investigation under subsection (b) of section 22 of the Agricultural Adjustment Act to determine whether the import quotas on wheat and milled wheat products could be suspended without adverse effect on the wheat loan and payment programs conducted by the Department of Agriculture or reducing substantially the amount of products processed in the United States from domestic wheat.

The President acted on the basis of the Tariff Commission report, declaring that the circumstances which required the imposition of quota limitations no longer exist.

The President set the suspension period from January 26, 1974 to June 30, 1974. The Proclamation said quantities of wheat and milled products entered during the period May 29, 1974, through June 30, 1974, shall not be deducted from the quantities which may be entered during the 12-month period beginning May 29, 1974, under the quantitative limitations provided for in the pertinent item of the Tariff schedules of the United States.

South African Corn Crop May Double

If current excellent weather conditions continue, the South African corn crop for the 1974-75 marketing year (beginning in May) could top 9 million tons, according to a South African agricultural official. This would be more than double last year's poor crop of 4.2 million tons. Planting of white corn is up 25.8 percent over that of last season, and yellow corn is up 1.2 percent.

Corn utilization for animal feed and human consumption is expected to increase only slightly—perhaps by a total of 25,000 tons to 5.9 million tons. Exports and stocks will increase significantly.

Corn exports in 1973-74 dropped to only 226,000 tons from 3.6 million tons in 1972-73. Exports for 1974-75 are projected at about 2.5 million tons.

Pakistan's Wheat Output Goal Upped to 9 Million Tons

The Government of Pakistan has set a wheat production goal of 9 million tons for 1973-74, a substantial increase over the 1972-73 production of 7.3 million tons. The Provincial Governments of Punjab and Sind (major wheat producing areas) are making all-out efforts to persuade and help farmers to increase wheat acreage for the crop now being planted for harvest next April.

Wheat production may also be helped by a new layer of silt deposited by recent floods, more ground water, some increase in high-yielding seed, and additional credit for farmers. The Government has also increased the procurement price from PRs17 in 1971-72 to PRs22.50 for 1972-73 crop, and again to PRs25.50 per unit of 82.28 pounds for the 1973-74 wheat crop. (US$1=PRs9.90) This increased procurement price will certainly help wheat production in 1973-74.

More than anything else, the determining factor of 1973-74 wheat crop yield will be weather conditions, which so far have been fairly good.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Jan. 29	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.52	+2	3.17
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	2.98
U.S. No. 2 Dark Northern Spring:			
14 percent	6.43	−3	3.06
15 percent	(1)	(1)	3.07
U.S. No. 2 Hard Winter:			
12 percent	6.26	+2	2.94
No. 3 Hard Amber Durum	8.90	−15	3.05
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.55	+1	2.17
Argentine Plate corn	4.00	+8	2.40
U.S. No. 2 sorghum	3.47	+1	2.27
Argentine-Granifero sorghum	3.44	+2	2.26
U.S. No. 3 Feed barley	3.04	−7	1.97
Soybeans:[3]			
U.S. No. 2 Yellow	7.50	+36	6.61
EC import levies:			
Wheat[4]	[5] 0	0	.88
Corn[6]	[5] 0	0	.63
Sorghum[6]	[5] 0	0	.42

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

Iraq to Import Wheat and Rice

The Iraq Cereals Organization has announced it will import 500,000 metric tons of wheat and 200,000 tons of rice in 1974.

Grain production was down this year because of drought. Last year (1972-73), Iraq's wheat production was 1.6 million metric tons, but it dropped to 800,000 tons in 1973-74.

A year ago Iraq imported 110,000 tons, but exported 150,000 metric tons.

Taiwan Grain Imports Expected To Be Down

Taiwan expects to import 3,169,000 metric tons of grains and soybeans in 1974. Included will be 1,617,000 tons of corn, 663,000 tons of wheat, and 889,000 tons of soybeans. This latest forecast apparently represents a considerable reduction

from one made last November when a Taiwanese trade official indicated imports of more than 3.6 million tons. A cut in corn imports accounts for the lower estimate.

Taiwanese officials also claim present stocks are sufficient for 2 to 3 months and consist of 200,000 tons of wheat, 100,000 tons of soybeans, and 200,000 tons of corn.

LIVESTOCK AND MEAT PRODUCTS

EC Beef Surplus Brings Short-Term Export Subsidy

Heavy slaughter since the end of 1973 and accumulated intervention purchases have caused a short-term beef surplus in the European Community (EC). Since the end of December 1973, the EC, for the first time, has had a beef export subsidy of 19 U.S. cents per pound for carcass beef. The current import levy on carcass beef is about 1 cent per pound plus the 20 percent duty.

The French have asked the EC Council to embargo beef imports and to immediately increase the orientation price by 10 percent. In response to these demands, the EC Commission proposed a 10.2 percent increase in the beef orientation price and proposed abolishing the calf support price.

In addition, the EC Council has agreed to the following changes in the EC beef Common Agricultural Policy (CAP): The Member States will be allowed to purchase beef off the open market to support prices; the Member States will be allowed to purchase cuts of beef that are currently not eligible for intervention; and they also agreed to move the start of the beef marketing year 1 month earlier to March 1974 so that producers will benefit from the new orientation prices.

EC Downs French Proposal To Embargo Beef Imports

The European Community Council of Agricultural Ministers met in extraordinary session on January 14, 1974, on the request of France which demanded an immediate embargo on imports of fresh and chilled beef from third countries and an immediate increase in the beef orientation price. While only France supported the import embargo, Ireland and Italy initially supported the French request for an increase in the orientation prices prior to the beginning of the new beef year on April 1. On this date, beef orientation prices are expected to be increased in any case.

In the course of lengthy discussions, the Commission announced it would extend existing export subsidies to beef cuts other than those presently covered. The Commission also indicated it intends to propose a further increase in the lira equivalent of the unit of account, thus increasing the beef orientation price in terms of the lira as early as March 1, 1974.

When, in consequence of these Commission moves, the Irish and Italian delegations stopped supporting the French, France called for a Council vote on their request for an import embargo for fresh and chilled beef. The subsequent vote showed a majority against the French proposal.

Italy Asked To Ban Meat Imports

A combination of high meat imports and drastic increases in fuel costs has resulted in an Italian farm organization proposal to ban all meat imports from third country sources. This move would be designed to stimulate domestic production and save foreign exchange costs. The energy crisis—and the consequent increased outlay for oil imports—is being portrayed as the catalyst responsible for the proposed ban.

Farm organizations believe the results of such a ban would: Help domestic producers; reduce current large stocks of frozen meat; and force a review of European Community (EC) policy of granting premiums on meat exports from other EC countries to the detriment of Italian producers.

Principal U.S. livestock and product exports to Italy in 1973 were inedible tallow and greases, hides and skins, dairy and beef breeding stock, and live horses.

U.S. Signs Foot-and-Mouth Agreement with Colombia

The United States and Colombia announced on January 3, 1974, an agreement to establish a program to help protect the foot-and-mouth disease-free livestock industries of Central and North America. This highly contagious disease of cattle, swine, sheep, and other cloven-hoofed animals has not occurred in the United States since 1929.

The agreement is part of a joint effort by the United States, Colombia, and Panama to prevent foot-and-mouth disease (FMD) from crossing the Darien Gap, a 250-mile wide area of dense jungle and swamp between Panama and Colombia, soon to be spanned by the Pan American Highway.

The pact provides for establishment of a buffer zone along the Colombian border with Panama and will expand the current FMD-control program in northwestern Colombia.

The United States is also negotiating with Panama to strengthen existing FMD-prevention activities which have been carried out under a sponsorship of Panama and OIRSA, an organization of the Ministries of Agriculture of the Central American countries.

FRUIT, NUTS, AND VEGETABLES

Japan Sets Import Quota For Concentrated Grape Juice

On January 11, 1974, the Government of Japan announced an import quota for 850,000 liters (approximately 1,071 metric tons) of grape juice based on a 5-to-1 concentrate. This quota is for the period April 1, 1973 to March 31, 1974, and compares with 400,000 liters allocated for the 1972-73 period. It is planned to allocate the quota to three different organizations of domestic juice manufacturers.

Argentina's Apple and Pear Crops Set Records

Preharvest estimates of Argentine apple and pear crops place apple production at a record 595,000 metric tons and pear production at 125,000 metric tons, also a record. This represents an increase of 155 percent and 189 percent, respectively, from the previous year's crop which was severely damaged by frost and hail.

Projected apple exports for 1974 are placed at 11.7 million boxes (48.4 lb.), and pear exports at 1.7 million boxes (48.4 lb.). This 13.4-million box total compares to the 3.5 million boxes exported during the January-October period of 1973. In recent years about 90 percent of exports have been destined

for Brazil, the Netherlands, and West Germany.

During the past 5 years, new plantings of both apples and pears have consisted of grafted varieties on dwarf or semi-dwarf rootstock and utilize the trellis system. The first new plantings or replantings under this system will enter commercial production in 1973-74. Current estimates for the annual rate of expansion of production over the next 5 years range between 8 and 5 percent.

DAIRY AND POULTRY

U.S. Cheddar Quota Temporarily Increased

An additional 100 million pounds of Cheddar may be imported through March 31, 1974, under Presidential Proclamation No. 4258 of January 2, 1974. The quota, in millions of pounds, is divided as follows: New Zealand, 55; Australia, 12; and other areas, on a global basis, 33.

New Zealand and Australia received two-thirds of the quota because they have been traditional suppliers of cheese to the United States, and have sufficient supplies to meet their share of these new quotas before the March 31 expiration date. Separate allocations were made to these two countries to insure that their geographical disadvantage in shipping time would not inhibit deliveries.

The continuing quota for imports of quota cheese is approximately 128 million pounds per calendar year, of which about 16 million pounds are Cheddar and other American types. In 1973, temporary increases in the various cheese quotas resulted in imports of about 45 million pounds of quota cheeses in addition to the cheeses imported under the regular quotas. Also, about 70-75 million pounds of nonquota cheeses entered the United States in 1973.

FATS, OILS, AND OILSEEDS

European Sunflower Oil Price at Alltime High

The European price of sunflower oil, c.i.f. Rotterdam, soared to an alltime high of $787 per metric ton in early January. This more than doubled the price of approximately $325 in January 1973.

Although the price of soybean oil has increased about $400 a ton over that of a year ago to about $650 per metric ton, c.i.f. Rotterdam, the price of sunflower oil has stayed fully $125 per ton above that of soy. A year ago the premium was about $80 a ton, already much larger than that of roughly $20 per ton some years earlier.

The magnitude of the sunflower oil premium implies the Russians have not increased their offers despite the general impression that the Soviet 1973 sunflower crop was much larger than in 1972. If the Russian crop, in fact, was a large one and the Russians continue to refrain from offering more oil or seed than in the previous year, there should be a substantial increase in sunflower oil and meal availability within the Soviet Union.

This would tend to diminish the prospect of the Soviets purchasing more than, or even as many, soybeans from the United States as in the 1972-73 marketing season.

The first Soviet estimate of the 1973 crop was to have been issued in late January or early February.

Malaysian Palm Oil Output and Exports Up

Peninsular Malaysia's palm oil production during the January-October period of 1973 reportedly totaled 599,900 metric tons. This was 10 percent above the same period in 1972 but it represented a slackened upward trend from the 20-percent growth achieved in 1972.

Exports of palm oil from the Malaysian Peninsula during the 10-month period of 1973 were 585,984 metric tons, up 19 percent from the same period in 1972. The report did not give palm oil production for Sabah but did state that Sabah exports for the first 10 months of 1973 were up 13 percent at 66,010 metric tons.

Output of palm kernels at 124,911 metric tons was 11 percent above the corresponding 1972 level. Palm kernel oil exports in that period of 1973 reached 54,376 metric tons, 52 percent above the January-October 1972 volume.

COTTON

Floods Damage Australian Cotton

Heavy rains totaling up to 19 inches since January 7 have produced what press sources describe as the worst flood on record. A spokesman for AUSCOTT, Ltd., a leading Australian cotton producer, has also said intelligence indicated that the cotton crop in the Namoi Valley in New South Wales had been halved as a result.

The spokesman said about 28,000 acres and 50,000 bales had been affected, mainly near Wee Waa, about 300 miles northwest of Sydney. Previous estimates for the New South Wales cotton crop had been over 100,000 bales. It is now expected to harvest only about 80,000 bales.

In a normal year the Namoi Valley accounts for roughly 50 percent of Australia's production of raw cotton. Flooding in Queensland has also been reported, but with apparently less damage to the crop.

As a result, total Australian production in 1973-74 may drop to around 120,000 bales. The flooding will reduce total outturn below the approximate 140,000 bales produced in 1972-73 when heavy insect damage in the Namoi and Macguarie River Valleys adversely affected the crop. Flooding in this same area during the 1970-71 season reduced production below 90,000 bales.

This latest disaster means not only that export markets established over the past several years will not be supplied, but also the likelihood of some cotton imports to cover domestic requirements.

Correction: The current official estimate for U.S. cotton exports—reported as 6 million bales in *Foreign Agriculture*, Jan. 28, 1974, page 15—was revised to 5.7 million bales on January 16, 1974.

Other Foreign Agriculture Publications

• Oilseed and Meal: World Situation and 1974 Outlook (FFO-1-74)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

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U.S. POULTRY EXPORTS UP IN 1973 WITH TURKEY GAINS STRONG

Continued from page 7

The turkey restaurant in Japan and the processing plan in Hong Kong illustrate the ingenuity of overseas buyers in utilizing the high quality of U.S. poultry meat available.

The Caribbean also continues to be an all-round growing market for U.S. poultry meat. Low-priced chicken parts are imported for the local trade, and higher priced chicken and turkey items are brought in to serve the ever-increasing tourist trade.

U.S. companies who want to take maximum advantage of the expanding export market must make export a part of their total marketing strategy. The export market cannot be used as a means of disposing of surplus or to be served on an "in and out" basis. The same service provided to U.S. customers must be provided to overseas customers. Quick response must be given requests for quotations. Product must be delivered in accordance with the contract just as it would be for customers in New York, San Francisco, or Chicago.

It is true that the export market has only taken a small percentage of the total production of U.S. poultry products. The size of the export market, however, does not reflect its importance to the U.S. poultry industry. Exports of poultry products cannot be measured solely by export value. When considered in terms of the total marketing concept, the product moving into export adds strength to the domestic market far beyond its export value.

There are still many untapped markets over the world waiting to be serviced by firms sincerely interested in developing export markets for their product lines. But the export market must be made a part of a company's total marketing. This means participation in trade fairs overseas to gain familiarity with marketing practices, to establish agent relationships, and to know the foreign customers to be served. Companies that have taken this approach have had outstanding success.

FAS, through its Export Trade Services Division, provides the opportunity to participate in FAS sponsored overseas trade fair activities. Through its Dairy and Poultry Division, it provides information on current and prospective export markets. When the decision is made to market overseas, our industry cooperator, PEIA, has overseas offices in Frankfurt, London, and Tokyo, that can assist in promoting a product overseas.

Provided that conditions remain relatively normal in the future, we see no reason why the export market for U.S. poultry products should not continue to grow. For fiscal 1975, we are forecasting the value of the U.S. poultry product export market to be $125 million. Such a market is worthy of the most serious consideration by the U.S. poultry industry.

MATSUZAKA BEEF IS JAPAN'S KING OF PRIME

Continued from page 12

gether, but during the later fattening process, they are individually penned in box stalls with feed and water available. At this stage, cattle are given no exercise at Wadakin.

In addition to the calf selection, Wadakin Farms believes that its special diet in the last stages of production accounts for the beautifully marbled, tender prime beef obtained from its 3-year old animals. The diet consists of soybean meal, corn, wheat bran, rolled barley, and Italian rye grass. When the animals reach a weight of about 1,100 pounds, one of Wadakin's special techniques is administered—a bottle of beer a day per cow. This technique is supposed to provide nutritive value and aid digestion.

With all of the special care that Matsuzaka cattle receive, production costs are understandably high. In 1972, a 1,433-pound animal sold for $2,272. The price in May 1973 was $2,652, and rising. An 8-month old calf cost $568-$758 in 1972, compared with $947-$1,136 last May. Prime beef retailed through Wadakin's at about $9 per pound, while the same meat in Tokyo costs over half again as much.

In addition to reflecting the famed Matsuzaka beef's quality, these high prices mirror an almost insatiable Japanese demand for beef. Through increased domestic slaughter and imports, Japan is expanding the availability for all types of beef, but the increased purchasing power of Japanese consumers so far has nullified the effect. Japanese beef prices remain the highest in the world.

—By ROGER P. LEWIS, ERS

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